

NCA
VOC FOR IOP/FN
BACKGROUND NO. 5-5656
DAVID LENT/JOHANNESBURG

MARCH 27, 1978

ZIMBABWE - PEACE PARTNER

ANNCR:

THOSE TRYING TO BRING ABOUT A PEACEFUL TRANSFER OF POWER
IN RHODESIA OR ZIMBABWE MAY BE ABOUT TO RECEIVE IMPORTANT SUPPORT
FROM A SO-FAR SILENT PARTNER. VOA'S DAVID LENT SENT THIS
BACKGROUND REPORT FROM OUR AFRICAN BUREAU:

VOICE:

THE SPECTRE OF ECONOMIC RUIN MAY WELL PUSH PARTIES TO THE
RHODESIAN CONFLICT MORE RAPIDLY TOWARD AGREEMENT THEN WOULD
OTHERWISE HAVE BEEN THE CASE. BY SEEMING COINCIDENCE, REPORTS
HAVE EMERGED FROM BOTH RHODESIA AND ZAMBIA, ONE OF THE MAJOR
FRONTLINE STATES, ILLUSTRATING THAT THE FIVE YEAR OLD BUSH
WAR IS DEMANDING ENORMOUS ECONOMIC SACRIFICES ON BOTH SIDES.
THE SACRIFICES ARE NOT ONLY THE DIRECT COSTS OF WAGING WAR,
ALTHOUGH THOSE COSTS ARE HIGH. A LEADING RHODESIAN BANKING GROUP
HAS JUST ISSUED ITS ESTIMATE THAT THE WAR IS NOW COSTING THE
COUNTRY NEARLY ONE-AND-A-HALF MILLION DOLLARS A DAY. STANDARD
BANK RHODESIA'S ECONOMIC BULLETIN PREDICTS A TWENTY PERCENT
INCREASE IN THIS SUM IN THE COMING YEAR UNLESS AN INTERNATIONALLY
SANCTIONED SETTLEMENT IS ACHIEVED.

BUT THE INDIRECT COSTS OF THE CONFLICT ARE EVEN MORE TELLING.
THE BANK SAYS RHODESIA FACES THE SPECTRE OF CLOSURES AND LAYOFFS
ON A SIGNIFICANT SCALE IN THE ABSENCE OF AN INTERNATIONAL
RECOGNITION OF THE INTERNAL POLITICAL SETTLEMENT. (OPT) THERE
IS NO REASON, THE BANK SAYS, FOR BELIEVING THAT THE FALL IN
REAL OUTPUT THIS YEAR WILL BE ANY LESS THAN THE ESTIMATED SEVEN
TO EIGHT PERCENT EXPERIENCED LAST YEAR. BY THE END OF 1978,

THE BANK SAYS, REAL PER CAPITA INCOME IN RHODESIA WILL HAVE FALLEN A MASSIVE TWENTY-SEVEN PERCENT FROM ITS PEAK LEVEL FOUR YEARS AGO. AND IT SAYS THAT RHODESIA HAS BUILT UP A BACKLOG OF A QUARTER MILLION UNEMPLOYED AMONG ITS BLACK POPULATION. (END OPT) THE TWELVE YEAR OLD ECONOMICBOYCOTT IS BEGINNING TO TAKE A DEEP BITE.

THE SITUATION IN NEIGHBORING ZAMBIA IS N O LESS GRIM. THE ANNOUNCEMENT LAST WEEK BY THE INTERNATIONAL MONETARY FUND THAT IT IS BOLSTERING THE ZAMBIAN ECONOMY WITH THREE HUNDRED NINETY MILLION DOLLARS WORTH OF CREDIT, GIVES THE COUNTRY AN ECONOMIC BREATHING SPACE, HOWEVER SLIGHT. IN RETURN FOR THE CREDITS ZAMBIA DEVALUED ITS CURRENCY BY TEN PERCENT, REDUCED INTERNAL GOVERNMENT BORROWING, PROMISED A FURTHER REDUCTION IN THE BUDGET DEFICIT NEXT YEAR, CUT GOVERNMENT SUBSIDIES AND PROMISES OF INCOME POLICY. IN OTHER WORDS, THE PRICE OF ASSISTANCE IS AUSTERITY AND A STIFF DOSE OF IT.

FURTHERMORE, IT IS BEING SUGGESTED THAT ONE OF THE CONDITIONS IMPOSED BY THE I.M.S. IS THAT ZAMBIA REOPEN ITS BORDER WITH RHODESIA. THE PURPOSE WOULD BE TO SPEED AND LOWER THE COST OF COPPER SHIPMENTS. SUCH A MOVE WOULD RUN COUNTER TO PRESIDENT KENNETH KAUNDA'S OFT-STATED PUBLIC OPPOSITION FIRST TO THE SMITH REGIME IN RHODESIA AND NOW TO THE INTERIM GOVERNMENT AIMING AT INTERNALLY-BASED BLACK MAJORITY RULE BY THE END OF THIS YEAR.

IT IS NO SECRET IN LUSAKA THAT ZAMBIA IS EXPERIENCING DIFFICULTIES RUNNING ITS RAIL SYSTEM. ONE THIRD OF LOCOMOTIVES AND ROLLING STOCK IS REPORTED OUT OF SERVICE. FURTHERMORE, CONGESTION AT THE PORT OF DAR ES SALAAM, ZAMBIA'S ONLY OUTLET TO THE SEA, IS PROVING COSTLY INDEED. (OPT) AN ESTIMATED NINETY THOUSAND TONS OF IMPORTS ARE REPORTED PILING UP ON THE DOCKS

AT DAR ES SALAAM, AND THERE IS BELIEVED TO BE A CONTINUAL BACKLOG OF BETWEEN TWO THOUSAND AND THREE THOUSAND TONS OF OF EXPORT COPPER (END OPT)

ONE POSSIBLE SOLUTION WOULD BE AN OPENING OF ZAMBIA'S AND MOZAMBIQUE'S BORDERS WITH RHODESIA. THIS WOULD PERMIT USE OF THE MOZAMBIQUE PORT OF BEIRA FOR ZAMBIA COPPER EXPORTS. THE DRAWBACK TO THIS IDEA, IN ADDITION TO POLITICAL HURDLES, IS THE FACT THAT BEIRA IS ALREADY OPERATING AT CAPACITY. ANOTHER THOUGHT IS THAT ZAMBIA MIGHT SHIP ITS COPPER BY RAIL THROUGH RHODESIA'S SECOND LARGEST CITY, BULAWAYO AND ON TO THE SOUTH AFRICAN PORT OF EAST LONDON WHICH COULD EASILY HANDLE THE ADDITIONAL ORE. ZAIRE COPPER IS ALREADY SHIPPED ON THIS ROUTE THROUGH ZAMBIA. BUT DESPITE THE ECONOMIC LOGIC OF SUCH A MOVE, NO IMMEDIATE INITIATIVES BY ZAMBIA ARE EXPECTED. TO OPEN BORDERS NOW IT IS FELT, WOULD BE TANTAMOUNT TO RECOGNITION OF THE SALISBURY GOVERNMENT AND WOULD FLY IN THE FACE OF PRESIDENT KAUNDA'S COMMITMENT TO JOSHUA NKOMO'S PATRIOTIC FRONT.

GH/RCS